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**FY FINANCIAL (SHENZHEN) CO., LTD.**

**富銀融資租賃(深圳)股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8452)**

**DISCLOSEABLE TRANSACTION  
FINANCE LEASE ARRANGEMENTS WITH  
GUIZHOU QINGHUI CONSTRUCTION MACHINERY CO., LTD.\***

**FINANCE LEASE ARRANGEMENTS WITH LESSEE**

The Company has previously entered into three direct leasing transactions with the Lessee, pursuant to which the Company would purchase certain lease assets from suppliers at an aggregate purchase price of RMB7,810,000 and the Company would lease such lease assets to the Lessee for a term of 24 months in return for lease payment.

On 28 January 2022, the Company entered into a new direct leasing transaction with the Lessee, pursuant to which the Company would purchase the Lease Assets from the Supplier at an aggregate purchase price of RMB3,000,000 and the Company would lease the Lease Assets to the Lessee for a term of 24 months in return for lease payment.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

None of the applicable ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Further Finance Lease Arrangement on a standalone basis exceeds 5%. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transactions contemplated under the Further Finance Lease Arrangement, when aggregated with those contemplated under the Previous Finance Lease Arrangements, exceed 5% but all of which are less than 25%, such transactions constitute a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **BACKGROUND**

The Company has previously entered into three direct leasing transactions with the Lessee, pursuant to which the Company would purchase certain lease assets from suppliers at an aggregate purchase price of RMB7,810,000 and the Company would lease such lease assets to the Lessee for a term of 24 months in return for lease payment.

## **FURTHER FINANCE LEASE ARRANGEMENT WITH LESSEE**

On 28 January 2022, the Company entered into a new direct leasing transaction with the Lessee, pursuant to which the Company would purchase the Lease Assets from the Supplier at an aggregate consideration of RMB3,000,000 under the Sale and Purchase Agreement and the Company would lease the Lease Assets to the Lessee for a term of 24 months in return for lease payment under the Lease Agreement.

The principal terms of the Further Finance Lease Arrangement are set out as follows.

### **(1) Sale and Purchase Agreement**

<b>Date:</b>	28 January 2022
<b>Parties:</b>	The Company (as purchaser)  Supplier (as seller)  Lessee (as user)
<b>Assets involved:</b>	The Lease Assets to be purchased under the Sale and Purchase Agreement comprise 6 tower cranes and 75 mast sections.
<b>Purchase price:</b>	The purchase price payable for the Lease Assets under the Sale and Purchase Agreement is RMB3,000,000 (inclusive of VAT in a total amount of RMB345,133).
<b>Basis of determining the purchase price:</b>	The purchase price was determined after arm's length negotiations between the Company, the Lessee and the Supplier with reference to the brand, the model and the market price of the Lease Assets under the Sale and Purchase Agreement.

**Payment of purchase price:**

The purchase price shall be payable in the following manner:

- (a) an initial payment of RMB600,000 will be payable by the Lessee directly to the Supplier, and such payment shall be deemed as the payment of an equivalent sum from the Company to the Supplier and the payment of the equivalent amount of down payment payable by the Lessee to the Company under the Lease Agreement; and
- (b) the remaining RMB2,400,000 of the purchase price will be payable within 10 business days after the fulfilment of certain payment conditions.

The amount of purchase price payable by the Company under the Sale and Purchase Agreement will be satisfied by the Company through its internal resources.

**(2) Lease Agreement**

**Date:**

28 January 2022

**Parties:**

The Company (as lessor)

Lessee (as lessee)

**Subject asset and lease term:**

The Lease Assets purchased under the Sale and Purchase Agreement shall be leased by the Company to the Lessee for a term of 24 months commencing from the payment of the second installment of the purchase price by the Company to the Supplier under the Sale and Purchase Agreement.

**Conditions precedent:**

The Lease Agreement shall be conditional upon the signing of the Sale and Purchase Agreement, the taking effect of the guarantee agreements and the security agreement referred to in the Lease Agreement, the receipt of the security deposit by the Company from the Lessee and the receipt of the original insurance policy of the Lease Assets by the Company.

**Lease payment:** The lease payment under the Lease Agreement shall be paid by the Lessee on a monthly basis over the 24 months term in the amount of RMB112,035 per installment, totaling RMB2,688,840.

The lease payment has been agreed after arm's length negotiations between the Company and the Lessee with reference to the purchase costs of the Lease Assets by the Company, the creditability of the Lessee and the prevailing market interest rate for finance leases.

**Security deposit:** A security deposit of RMB120,000 is payable by the Lessee under the Lease Agreement within 10 business days after the signing of the Lease Agreement.

**Transfer of ownership of the Lease Assets after the end of lease:** At the end of the lease term of the Lease Agreement and subject to the fulfilment of all obligations by the Lessee under the Lease Agreement, the ownership of the Lease Assets will be transferred to the Lessee upon the payment of a nominal consideration of RMB100 to the Company.

**Default payment:** If the Lessee fails to pay any amount of lease payment due or (if any) any other amount or reimburse any expenses paid by the Company at the request of the Lessee on time and in full, the Lessee shall make default payment in the sum equivalent to the product of (i) the amount of late payment; (ii) a daily default rate of 0.1%; and (iii) the number of days from the payment due date to the full settlement date.

**Events of default:** The Company may take possession and dispose of the Lease Assets and/or declare that the outstanding lease payment, other amounts payable by the Lessee and the default payment shall be immediately payable by the Lessee and/or take legal action upon the occurrence of certain triggering events, including, among others, the failure by the Lessee to pay on time any instalment of the lease payment or any other amount payable by it in full or the failure of the Lessee in performing any duties and obligations under the Lease Agreement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The entering into of the Further Finance Lease Arrangement is in the ordinary and usual course of business of the Company, and will enable the Company to earn an aggregate income of approximately RMB255,611 (exclusive of VAT in a total amount of RMB33,229) under the Further Finance Lease Arrangement and an aggregate income of approximately RMB665,451 (exclusive of VAT in a total amount of RMB86,509) under the Previous Finance Lease Arrangements over their respective lease term.

Given that the Further Finance Lease Arrangement was being entered into in the ordinary and usual course of business of the Company and on the normal commercial terms, the Directors are of the view that the terms of the Further Finance Lease Arrangement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Company and its subsidiaries are principally engaged in the provision of finance leasing, factoring, advisory services and customer referral services and the supply of medical equipment in the PRC.

### **The Lessee**

The Lessee is a limited liability company established in the PRC and is ultimately beneficially owned by Mr. Niu Hui (牛暉), a PRC citizen. The Lessee is principally engaged in the business of leasing of engineering equipment in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Lessee and its ultimate beneficial owner are Independent Third Parties.

### **The Supplier**

The Supplier is a limited liability company established in the PRC and is ultimately beneficially owned by China State Construction Engineering Corporation Limited (中國建築股份有限公司), a PRC state-owned enterprise principally engaged in construction and the shares of which are listed on Shanghai Stock Exchange (Stock Code: 601668). The Supplier is principally engaged in the business of building engineering, real estate development and investment and infrastructure construction and investment. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Supplier and its ultimate beneficial owner are Independent Third Parties.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

None of the applicable ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Further Finance Lease Arrangement on a standalone basis exceeds 5%. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transactions contemplated under the Further Finance Lease Arrangement, when aggregated with those contemplated under the Previous Finance Lease Arrangements, exceed 5% but all of which are less than 25%, such transactions constitute a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on GEM
“Directors”	the directors of the Company
“Finance Lease Arrangements”	the Previous Finance Lease Arrangements and Further Finance Lease Arrangement
“Further Finance Lease Arrangement”	the direct finance leasing transaction under which the Company would purchase the Lease Assets from the Supplier under the Sale and Purchase Agreement and lease to the Lessee for a term of 24 months in return for lease payment under the Lease Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time

“Group”	the Company and its subsidiaries as at the date of this announcement
“H Share(s)”	the overseas-listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of and not connected with (within the meaning of the GEM Listing Rules) any directors, supervisors, chief executive or substantial shareholders of the Company, its subsidiaries and their respective associates
“Lease Agreement”	the finance lease agreement dated 28 January 2022 entered into between the Company as lessor and the Lessee as lessee in relation to the lease of the Lease Assets to the Lessee
“Lease Assets”	the tower cranes and mast sections referred to in the Sale and Purchase Agreement
“Lessee”	貴州慶暉建築機械有限公司 (Guizhou Qinghui Construction Machinery Co., Ltd.*), a limited liability company established in the PRC and the lessee under the Lease Agreement
“PRC”	the People’s Republic of China
“Previous Finance Lease Arrangements”	the direct finance leasing transactions entered into on 15 October 2020, 5 March 2021 and 7 June 2021 under which the Company had purchased in aggregate 18 tower cranes and 50 mast sections of lease assets from suppliers under certain sale and purchase agreements and leased to the Lessee for a term of 24 months in return for lease payment under certain lease agreements
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 January 2022 between the Company, the Lessee and the Supplier in relation to the supply of the Lease Assets

“Share(s)”	the ordinary share(s) with nominal value of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	Chongqing Zhongjian Machinery Manufacturing Co., Ltd.* (重慶中建機械製造有限公司), a limited liability company established in the PRC
“VAT”	Value-added tax
“%”	per cent.

On behalf of the Board  
**FY Financial (Shenzhen) Co., Ltd.**  
**Li Peng**  
*Chairman*

Hong Kong, 28 January 2022

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Ms. Gong Xiaoting (貢曉婷)

*Non-executive Directors:*

Mr. Peng Qilei (彭期磊)

Ms. Liu Jing (劉敬)

Ms. Tong Fangyan (仝芳妍)

*Independent non-executive Directors:*

Mr. Fung Che Wai Anthony (馮志偉)

Mr. Hon Leung (韓亮)

Mr. Liu Shengwen (劉升文)

*If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC mentioned in this announcement and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such entities, companies or legal entities are provided for illustration purposes only.*

*This announcement, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.fyleasing.com](http://www.fyleasing.com).*

*\* For identification purposes only*